



**ARIZONA STATE SENATE**  
***Fifty-Fifth Legislature, Second Regular Session***

**FACT SHEET FOR S.B. 1267**

property; classification; primary residence

Purpose

Requires a change in use of a property to have been physical and objectively verifiable for the purposes of determining the limited property value (LPV) and prohibits a change in the occupant or classification of a single-family residence from being considered, in and of itself, a change in use for the purposes of determining LPV. Requires class 3 and class 4 property to be used for residential purposes for the purposes of specified property tax actions.

Background

Class 3 property is real and personal property and improvements to property that: 1) are used as the owner's primary residence; 2) is occupied by a qualifying relative of the owner and used as the relative's primary residence; or 3) is owned and occupied as the owner's primary residence who also uses the property for lease or rent to lodgers ([A.R.S. § 42-12003](#)).

Class 4 property includes real and personal property and improvements to property that are used as non-primary residential property and leased or rented residential property ([A.R.S. § 42-12004](#)).

There is no anticipated fiscal impact to the state General Fund associated with this legislation.

Provisions

1. Classifies, as class 3 property, property used for residential purposes, rather than as the owner's primary residence, and occupied by the property owner or a qualifying relative of the owner as their primary residence.
2. Classifies, as class 4 property, property used for residential purposes, rather than used solely as property leased or rented for residential purposes.
3. Requires a change in use of a property to have been physical and objectively verifiable for the purposes of determining the LPV in cases of modifications, omissions or changes.
4. Prohibits a change in the occupant or classification of a single-family residence from being considered, in and of itself, a change in use for the purposes of changing or correcting the tax roll or determining LPV.
5. Requires class 3 property to be the owner's primary residence, rather than to be used as the owner's primary residence, for the following purposes:
  - a) meeting the definition of *residential property* used in the school district additional assistance calculation;

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- b) a county assessor reviewing assessment information to ensure proper classification of residential dwellings;
- c) the State Board of Equalization changing the property classification and fixing the assessed valuation after review, petition or appeal; and
- d) collecting delinquent taxes from the owner of a mobile home without a recorded affidavit of affixture.

6. Makes technical changes.

7. Becomes effective on the general effective date.

Prepared by Senate Research

January 31, 2022

MG/slp